

PROCLAMATION

BY THE

Governor of the State of Texas

41-1820

TO ALL TO WHOM THESE PRESENTS SHALL COME:

June 18, 1981

Pursuant to Article IV, Section 14 of the Constitution of Texas, I herewith veto House Bill 769 for the following reasons:

I support improvements in health insurance for public school employees. I, however, believe that House Bill 769 makes no improvements in the present situation, and instead imposes additional burdens on local school districts.


This bill imposes a new mandated program on local districts, with no state funding. The cost of covering 400,000 employees at \$50 per month would cost about \$240,000,000 per year. Significant state funding of this magnitude is unlikely in future legislatures since many public school employees already have health insurance, either through a spouse's program or provided by a local district, and will not receive any direct benefit from state funding. These employees will prefer salary increases to state funding for group health insurance.

Under the program set up by House Bill 769, local districts must make a group health insurance program available to all active employees and retirees, and must conform to minimum standards set by the Teacher Retirement System. If TRS decides that a local district is not meeting the minimum standards, then TRS may unilaterally cancel any local insurance contracts and require the district to participate for at least three years in a statewide program operated by TRS, even if the district was partially or totally funding the local program. No other state agency, including the Texas Education Agency has the power to cancel contracts of local school districts. It is bad public policy to vest such power over the day-to-day operation of school districts in the TRS.

This bill requires local districts to combine active employees with retirees in one pool. This requirement penalizes active employees and drives up their rates by forcing them to subsidize retirees. An alternative that should have been considered would have made local districts responsible for active employees and would have combined retirees in one pool administered by the TRS. This would have benefited active employees by removing retirees from their group, and it would have benefited retirees by increasing the possibility of some state funding at a much lower total cost than that for all active employees.

I believe that House Bill 769 as passed provides no real benefit to public school employees, while it increases the administrative burden on local school districts. Therefore, I veto House Bill 769.

Respectfully,


William P. Clements, Jr.
Governor

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Secretary of State

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Statutory Documents Div.

